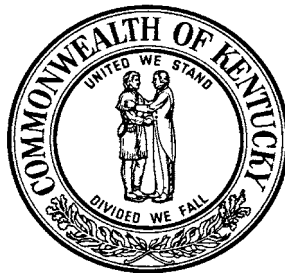


**REPORT OF THE AUDIT OF THE  
FORMER HARRISON COUNTY  
CLERK**

**For The Period January 1, 2002  
Through January 5, 2003**



**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE FORMER HARRISON COUNTY CLERK**

**For The Period January 1, 2002  
Through January 5, 2003**

The Auditor of Public Accounts has completed the former Harrison County Clerk's audit for the period January 1, 2002 through January 5, 2003. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

#### **Financial Condition:**

Excess fees decreased by \$25,127 from the prior calendar year, resulting in excess fees of \$17,036 as of January 5, 2003. Revenues decreased by \$71,396 from the prior year and disbursements decreased by \$47,998.

#### **Deposits:**

The former Clerk's deposits were insured and collateralized by bank securities or bonds.



## CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES .....	3
NOTES TO FINANCIAL STATEMENT .....	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	11





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Dean Peak, Harrison County Judge/Executive

Honorable Ralph E. Coppage, Former Harrison County Clerk

Honorable Linda B. Furnish, Harrison County Clerk

Members of the Harrison County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the former County Clerk of Harrison County, Kentucky, for the period January 1, 2002 through January 5, 2003. This financial statement is the responsibility of the former County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the former County Clerk for the period January 1, 2002 through January 5, 2003, in conformity with the modified cash basis of accounting.

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Dean Peak, Harrison County Judge/Executive

Honorable Ralph E. Coppage, Former Harrison County Clerk

Honorable Linda B. Furnish, Harrison County Clerk

Members of the Harrison County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated January 30, 2003, on our consideration of the former County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -  
January 30, 2003

HARRISON COUNTY  
RALPH E. COPPAGE, FORMER COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For The Period January 1, 2002 Through January 5, 2003

Receipts

State Fees For Services	\$	7,272	
Fiscal Court			6,972
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	389,532	
Usage Tax		1,067,468	
Tangible Personal Property Tax		1,114,958	
Licenses-			
Fish and Game		5	
Marriage		5,347	
Occupational		1,237	
Deed Transfer Tax		42,247	
Delinquent Tax		60,166	2,680,960
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts	\$	12,787	
Real Estate Mortgages		36,213	
Chattel Mortgages and Financing Statements		51,808	
Powers of Attorney		720	
All Other Recordings		25,267	
Charges for Other Services-			
Copywork		5,335	132,130
Other:			
Miscellaneous			22,599
Interest Earned			1,683
Total Receipts			\$ 2,851,616

The accompanying notes are an integral part of this financial statement.

HARRISON COUNTY  
 RALPH E. COPPAGE, FORMER COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 For The Period January 1, 2002 Through January 5, 2003  
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 297,973

Usage Tax 1,034,354

Tangible Personal Property Tax 416,343

Licenses, Taxes, and Fees-

Delinquent Tax 9,882

Legal Process Tax 14,643

Miscellaneous 2,119 \$ 1,775,314

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 109,180

Delinquent Tax 7,051

Deed Transfer Tax 40,134

Occupational Licenses 1,135 157,500

Payments to Other Districts:

Tangible Personal Property Tax \$ 544,182

Delinquent Tax 30,766 574,948

Payments to Sheriff

737

Payments to County Attorney

9,252

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Salaries \$ 163,403

Part-Time Salaries 3,758

Employee Benefits-

Employer's Paid Health Insurance 39,718

Other Payroll Disbursements 1,853

Contracted Services-

Printing and Binding 157

Materials and Supplies-

Office Supplies 13,797

The accompanying notes are an integral part of this financial statement.

HARRISON COUNTY  
 RALPH E. COPPAGE, FORMER COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 For The Period January 1, 2002 Through January 5, 2003  
 (Continued)

Disbursements (Continued):

Other Charges-			
Conventions and Travel	\$	2,430	
Dues		500	
Postage		4,733	
Bad Checks		7,198	
Refunds		<u>2,355</u>	\$ 239,902
Debt Service:			
Copier and Indexing Leases			<u>8,103</u>
Total Disbursements			<u>\$ 2,765,756</u>
Net Receipts			\$ 85,860
Less: Statutory Maximum	\$	62,259	
Training Incentive		<u>2,965</u>	<u>65,224</u>
Excess Fees			\$ 20,636
Less: Expense Allowance			<u>3,600</u>
Excess Fees Due County as of January 5, 2003			\$ 17,036
Payments to County Treasurer - January 28, 2003			<u>17,036</u>
Balance Due at Completion of Audit			<u><u>\$ 0</u></u>

The accompanying notes are an integral part of this financial statement.

HARRISON COUNTY  
NOTES TO FINANCIAL STATEMENT

January 5, 2003

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at January 5, 2003.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent for the first six months and 6.34 percent for the last six months of the calendar year.

HARRISON COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 January 5, 2003  
 (Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The former County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of January 5, 2003, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

Note 4. Leases

The County Clerk's office is committed to the following lease agreements as of January 5, 2003:

Item Purchased	Monthly Payment	Term Of Agreement	Ending Date	Principal Balance January 5, 2003
Copier	\$ 252	60 months	6/1/2006	\$ 10,312
Postage Meter	\$ 79	60 months	6/13/2005	\$ 2,370
Copier	\$ 96	42 months	10/14/2003	\$ 968

Note 5. Grant

The Harrison County Clerk was awarded a Libraries and Archives Grant in the amount of \$25,833. The Clerk received \$1,708 in grant receipts and did not expend any grant money during the period. The balance of the grant account as of January 5, 2003 was \$1,708.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

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Honorable Linda B. Furnish, Harrison County Clerk

Members of the Harrison County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the former Harrison County Clerk for the period January 1, 2002 through January 5, 2003, and have issued our report thereon dated January 30, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the former Harrison County Clerk's financial statement for the period January 1, 2002 through January 5, 2003, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Harrison County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
January 30, 2003

